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**Elimination of coercive economic measures as a means
of political and economic compulsion****Report of the Secretary-General****Contents**

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* A/52/150 and Corr.1

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I. Introduction

1. On 27 November 1996, the General Assembly adopted resolution 51/22, entitled "Elimination of coercive economic measures as a means of political and economic compulsion", in which it requested the Secretary-General to prepare a report on the implementation of the resolution in the light of the purposes and principles of the Charter of the United Nations and international law, and to submit it to the Assembly at its fifty-second session.

2. Pursuant to that request, by a note to Member States dated 10 March 1997, the Secretary-General invited Governments to provide him with any information they might wish to contribute to the preparation of his report.

3. The present report reproduces the replies from Governments that had been received as at 11 September 1997. Further replies will be reproduced as addenda to the present report.

II. Replies received from Governments

Belgium

[Original: French]

[12 June 1997]

Belgium, like its partners in the European Union, is opposed to the extraterritorial application of national legislation, more particularly the unilateral imposition of commercial measures, especially sanctions. The European Union confirmed this position in its explanation of vote when the General Assembly voted on resolution 51/22, entitled "Elimination of coercive economic measures as a means of political and economic compulsion" on 27 November 1996.

Islamic Republic of Iran

[Original: English]

[11 August 1997]

1. The Islamic Republic of Iran believes that the adoption by the General Assembly of resolution 51/22, entitled "Elimination of coercive economic measures as a means of political and economic compulsion", is a timely initiative which aims to address thoroughly the issues of unilateral and extraterritorial measures in a comprehensive and objective fashion.

2. The exercise of power through the application of illegal means such as unilateral actions and the imposition of coercive economic measures against other countries in order to achieve unjustifiable objectives is the prominent example of an emerging unilateralism that is extremely arrogant and self-centred, that feeds on hegemony and expansionism and that entails serious interference in the internal affairs of other countries to the point of sabotage and subversion.

3. Impermissibility of unilateral sanctions under international law is commonly recognized by the international community. Unilateral actions and extraterritorial application of domestic laws seriously menace the international community's efforts towards cooperation in various areas of peace and security, development and environment. Undertaking such measures goes against not only the purposes and principles of the Charter of the United Nations and international law, but also against the provisions of a large number of United Nations resolutions and other relevant international agreements.

4. The spirit and letter of such resolutions and international agreements emphasize particularly that States should refrain from interference and intervention in the internal affairs of other countries and from any attempt to impose their policies on them. According to those resolutions, unilateral coercive measures violate the principles of non-intervention, non-interference in the internal and external affairs of other States and the exercise of the sovereign right of States. In that regard, both the Declaration on the Inadmissibility of Intervention in the Domestic Affairs of States and the Protection of Their Independence and Sovereignty (resolution 2131 (XX)), adopted by the General Assembly on 21 December 1965, and the Charter of Economic Rights and Duties of States (resolution 3281 (XXIX)), adopted on 12 December 1974, stipulate that "No State may use or encourage the use of economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights".

5. Furthermore, the General Assembly has denounced, on various occasions, unilateral economic coercion as a means of achieving political goals. Assembly resolutions 48/168 of 21 December 1993 and 50/96 of 20 December 1995, entitled "Economic measures as a means of political and economic coercion against developing countries" are two in a series of United Nations reactions to such unlawful actions.

6. Similar positions were adopted at the Conference of Foreign Ministers of the Organization of the Islamic Conference at its twenty-fourth session in December 1996 (A/51/774-S/1997/45) and by the Ministers for Foreign Affairs of both the Movement of Non-Aligned Countries at its Twelfth Ministerial Conference in April 1997 (A/51/912-S/1997/406, annex) and the Group of 77 and China at their twentieth annual meeting in September 1996 (A/51/471, annex). Consideration of this very issue in all recent major international conferences and summits is a manifestation of the international concern about the multidimensional character of unilateral coercive economic measures which adversely affect all countries and the world economy as a whole.

7. International jurisprudence against such coercive measures provides a solid base for the Organization to offset the exercise of unilateral sanctions by individual States. The imposition of coercive economic measures and the adoption of domestic laws for the horizontal escalation of such actions with extraterritorial implications also contradict the established rules and regulations of international trade law, including those under the World Trade Organization. Therefore, unilateral coercive economic measures undermine the authority and credibility of those organizations that are legitimately concerned about this trend in the conduct of international relations.

8. The United States of America has imposed various forms of economic coercive measures against many countries. Statistics indicate that the United States resorts to such unilateral measures more than any other State by a wide margin. Such unilateral measures by the United States have already assumed dangerous dimensions. The enactment by the United States of new laws that contravene the principle of territoriality of national laws significantly affects the sovereignty of other States and the legitimate interests of companies and persons falling under their jurisdiction. Recent unilateral sanctions by the United States against third parties investing in or doing business with Cuba, the Libyan Arab Republic and the Islamic Republic of Iran are the most vivid cases in this category.

9. The Islamic Republic of Iran calls upon the international community not only to counter unilateral coercive economic measures, but also to cooperate in alleviating their negative impacts on the targeted countries.

Iraq

[Original: Arabic]

[5 May 1997]

1. Pursuant to General Assembly resolution 51/22, entitled "Elimination of coercive economic measures as a means of political and economic compulsion" the Republic of Iraq affirms its condemnation of any measures taken with a view to depriving States of their inalienable right to choose their political, economic and social systems.

2. The threat or use of coercive economic measures constitutes a flagrant violation of the principles of the Charter of the United Nations and international law, in particular of Article 2, paragraph 1, of the Charter, which states, "The Organization is based on the principle of the sovereign equality of all its Members".

3. Such measures also constitute a flagrant violation of General Assembly resolution 2625 (XXV), adopted on 24 October 1970, entitled "Declaration on Principles of International Law concerning Friendly Relations and Cooperation among States in accordance with the Charter of the United Nations" which states: "No State or group of States has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State. Consequently, armed intervention and all other forms of interference or attempted threats against the personality of the State or against its political, economic and cultural elements, are in violation of international law." The resolution further states: "No State may use or encourage the use of economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights and to secure from it advantages of any kind."

4. General Assembly resolution 51/22, which reaffirms the inalienable right of every State to economic and social development and to choose its political, economic and social system, was prompted by the Organization's concern to establish the rights of peoples as embodied in the Charter of the United Nations and international law, and with a view to realizing the goals of the Organization with regard to establishing conditions for international peace and security.

5. The coercive measures taken by some States, both individually and collectively, constitute a real threat to international peace and security and a flagrant violation of human rights principles.

6. The international community, as represented by the United Nations, must increase the resolute and effective measures it takes with a view to dissuading States from

taking such action and in order to block any attempts by them to apply pressure on the United Nations or any multilateral body, or to use them as a means to legitimize such practices, which conflict with the provisions and precepts of international law.

7. The first victims of such practices are the vulnerable sectors of the population, such as children, women and the elderly. The serious humanitarian suffering of the population of Iraq, which has been confirmed by the reports of United Nations agencies and missions, is a result of the insistence of the United States of America on subjecting the Iraqi people to the most offensive forms of those coercive measures. This is demonstrated by the continuation of the complete economic embargo imposed on Iraq, and the Iraqi people's consequent deprivation of the most basic humanitarian requirements. These effects are tangible and living proof of the great danger inherent in taking such measures.

8. The destinies of peoples and their basic human rights should in no way be used as a tool to be exploited by some international Powers for purposes of political extortion and economic coercion. If such policies, from which many peoples in the world are suffering, are allowed to continue, the political foundations of the United Nations will be destroyed, together with the principles of human rights, foremost among them the right to live in freedom and dignity.

San Marino

[Original: English]

[27 May 1997]

The Permanent Mission of the Republic of San Marino to the United Nations has the honour to inform the Secretary-General of the United Nations that the Republic of San Marino does not have any laws regarding the above-mentioned question and has never applied such measures or sanctions.



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The situation in Central America: procedures for the establishment of a firm and lasting peace and progress in fashioning a region of peace, freedom, democracy and development

Report of the Secretary-General

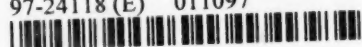
I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 51/197 of 17 December 1996. It covers developments relating to progress achieved by Central American countries in the areas of peace, freedom, democracy and development since my predecessor's last report (A/51/338) was submitted to the General Assembly on 9 September 1996.

2. The General Assembly has discussed the situation in Central America since 1983. With the signing, on 7 August 1987, of the agreement known as Esquipulas II (A/42/521-S/19085, annex), the Presidents of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua undertook to initiate processes of democratization and national dialogue in their countries, to bring about ceasefires and promote free and fair elections. In February 1989, the Presidents called upon the United Nations to become involved in the verification of those agreements. Since that time the Organization has encouraged and assisted Central American countries in the steps taken to consolidate their progress towards peace, freedom, democracy and development.

3. Two important peacekeeping missions have been carried out in Central America under the authority of the Security Council: the United Nations Observer Group in Central America (ONUCA) (November 1989-January 1992) and the United Nations Observer Mission in El Salvador (ONUSAL) (July 1991-April 1995). By its resolution 1094 (1997) of 20 January 1997, the Security Council also authorized the attachment to MINUGUA of a group of military observers to verify the demobilization of combatants of the Unidad Revolucionaria Nacional Guatemalteca (URNG) (March-May 1997). For its part, the General Assembly authorized the United Nations Observer Mission to Verify the Electoral Process in Nicaragua (ONUVEN) (August 1989-April 1990) and, on 19 September 1994, adopted resolution 48/267, establishing the United Nations Mission for the Verification of Human Rights and of Compliance with the Commitments of the Comprehensive Agreement on Human Rights in Guatemala (MINUGUA). After the Agreement on a Firm and Lasting Peace was signed on 29 December 1996, the General Assembly decided, by its resolution 51/198 B of 27 March 1997, to authorize the renewal of MINUGUA, to be known thereafter as the United Nations Verification Mission in Guatemala, and to expand its mandate to verify all the peace accords. Meanwhile, after the completion of the mandate of ONUSAL, a smaller

* A/52/150 and Corr.1.



Mission of the United Nations in El Salvador (MINUSAL) was established on 1 May 1995; MINUSAL was in turn replaced on 1 May 1996 by the United Nations Office of Verification (ONUV), which was, pursuant to resolution 51/199 of 17 December 1996, further reduced to a support unit from 1 January 1997 until 30 June 1997, and, thereafter, following the adoption of resolution 51/199 B of 31 July 1997, to a follow-up unit of two Professionals within the office of the United Nations Development Programme (UNDP) in El Salvador until 31 December 1997. In addition, most programmes and agencies of the United Nations system continue providing technical assistance to Central America within country programmes or regional frameworks.

4. In addition to reports of the Secretary-General on the mission currently in the field in Guatemala and on assistance for the reconstruction and development of El Salvador, the General Assembly at its fifty-second session will consider a number of reports on the region. These include those on international assistance and cooperation with the Alliance for the Sustainable Development of Central America, and on the Universal Congress on the Panama Canal.

5. The present report concentrates on the five signatories to the Esquipulas process; in accordance with the new Central American agenda and the composition of Central American summit meetings, reference is also made to the situation in Panama and in Belize.

II. The Central American process

6. On 7 August 1997, in Guatemala City, past and present regional leaders observed the tenth anniversary of the signing of the Esquipulas II commitments establishing the "Procedure for a Firm and Lasting Peace in Central America" at a turning point in the region. The civil wars of the 1980s had finally become a thing of the past after the Government of Guatemala and URNG had signed the Agreement on a Firm and Lasting Peace on 29 December 1996.

7. Countries throughout the region have continued efforts to further enhance the improved prospects for the goals of peace, democratization, reconciliation, development and justice reiterated by their Governments. Democratically elected Governments have shown themselves to be stable even in the face of internal difficulties. Thus, in Nicaragua, elections were held peacefully on 20 October 1996 and a second consecutive democratic transfer of power took place on 11 January 1997; in addition, the Government of President Arnoldo Alemán on 30 May 1997 reached a peace

agreement with the last major armed group in the country, the Frente Norte 3-80. In El Salvador, a former guerrilla movement, the Frente Farabundo Martí para la Liberación Nacional (FMLN), won a significant share of political power in the March 1996 legislative and municipal elections, including the mayoralty of San Salvador. The Guatemalan peace process was successfully concluded in December 1996, putting an end to more than 30 years of conflict. Honduras pressed ahead with the cleansing of its political system, and Panama continued the process of broadening national consensus around the goal of a successful management of the transfer of the Canal to exclusive Panamanian control after 31 December 1999.

8. Democratic institutions have been strengthened and efforts have continued to bring military and public security bodies under the control of civilian authorities. The offices of the ombudsmen for human rights in El Salvador, Guatemala and Honduras continue to consolidate their presence within their respective countries, with their actions reinforced by pressure by non-governmental organizations for vigilance and accountability in this area. In El Salvador, the National Council on Public Security, which was created in January 1996, and, most importantly, the more diverse composition of the legislative assembly after the March elections have ensured a heightened public scrutiny of public security matters. Difficulties notwithstanding, Honduras has continued the process of demilitarizing public security. Guatemala's President Arzú has also continued streamlining the security forces in preparation for their new role now that the conflict is over. However, throughout the region, institutions responsible for public security have continued to be confronted by alarming levels of common criminality. These have their origin in the economic and social conditions experienced by a large proportion of the population, combined with difficulties in the process of reintegration of former combatants and those displaced by conflict.

9. Unlike 1996,¹ Central America's economic horizon seems promising in 1997, within the framework of the peace that now encompasses all countries of the region. Factors promoting growth this year include the increase in coffee prices and new commitments from the international community in support of the peace processes.² According to the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA),³ a 2 per cent jump in regional growth is expected in 1997. It is important to recall, however, that this would still not allow for a sustained improvement in living standards. The consistently weak growth of non-traditional exports to the rest of the world is an important indicator of the need to

continue structural change efforts that will permit the diversification of production and markets for Central American products. Tourism in particular is considered a key area that Central American countries must continue to expand in order to support the recovery in economic growth and the creation of jobs. In the meantime, SIECA is forecasting a 2 per cent expansion of Costa Rica's gross domestic product (GDP) (from 0.5 per cent in 1996), 4 per cent in the case of El Salvador (3.5 per cent in 1996), 4 per cent in Guatemala (3 per cent in 1996), 4 per cent in Honduras (3.5 per cent in 1996) and 5 per cent in Nicaragua (slightly lower than the 5.5 per cent of 1996, but still the region's highest rate).

10. In their Declaration of San Salvador II (A/49/901-S/1995/396, annex V), the Central American Presidents recognized that widespread unemployment, social deterioration and poverty were problems that required their most urgent attention. However, the pursuit of policies necessary for macroeconomic stabilization, liberalization of the economy and modernization of the State has done little to advance the alleviation of widespread poverty or the much-needed creation of employment. While the risk of social unrest remains real, that incidents of this nature have not been more frequent can be attributed to the region's high level of political organization and, to some extent, to the memories of recent experiences of internal conflict.

11. The Central American process has come a long way since the signing of Esquipulas II. For the first time in decades, not one of the countries in the region is plagued by internal conflict. However, it remains clear that for peace to be firm and lasting, it must maintain an interrelationship with freedom, democracy and development. The challenge of fulfilling the promise of peace is one of which the Central American Presidents are acutely aware. I therefore encourage all their efforts to ensure, as they stated during their sixteenth summit meeting, that "with the support and efforts of international solidarity, the region can become a model of conflict resolution, consolidated by peace and democracy through comprehensive development and the adoption of political solutions" (A/49/901-S/1995/396, annex I).

Regional cooperation and integration

12. The reporting period has seen the further consolidation of the Alliance for the Sustainable Development of Central America (ALIDES), in which the importance of greater regional cooperation and integration is emphasized, pursuant to the Declaration of Guácimo, adopted by the Central

American Presidents on 20 August 1994 (A/49/340-S/1994/994, annex), the documents signed during the Managua Environment Summit (12 October 1994) and at the International Conference on Peace and Development at Tegucigalpa (24-25 October 1994).

13. The Alliance for the Sustainable Development of Central America, as established at the Managua meeting, is an ambitious and comprehensive initiative guided by the principles of respect for life; peace; democracy; the observance of human rights; economic integration; and the responsibility of succeeding generations for sustainable development (A/49/580-S/1994/1217, annex I). Subsequently the Central American Presidents, meeting as the Central American Council for Sustainable Development in Costa del Sol, El Salvador, in October 1995, approved the monitoring agenda of the Alliance, with a number of priority commitments in the political, economic, social, cultural and environmental fields. The Seventeenth Presidential Summit in San Pedro Sula (3-15 December 1995) approved a Framework Treaty of Democratic Security in Central America (A/51/67, annex II). The Eighteenth Presidential Summit, held at Montelimar, Nicaragua, from 8 to 9 May 1996 (A/50/998-S/1996/497), reaffirmed the commitments made in the framework of ALIDES and, in particular, emphasized the field of tourism with the adoption of the Regional Programme of Action for the Development of Tourism in the Countries of Central America.

14. At their Nineteenth Summit, held at Panama City from 10 to 13 July 1997, the Central American Presidents approved a reform of the System of Regional Integration, with the aim of deepening Central American integration in any way that would permit the transition from an intergovernmental system to a community system. Thus it was decided to instruct the Council of Ministers of Foreign Affairs to prepare a plan of action to implement the Guidelines for the Strengthening and Rationalization of Regional Institutions. These Guidelines, based on a report produced jointly by the Economic Commission for Latin America and the Caribbean (ECLAC) and the Inter-American Development Bank (IDB),⁴ include a proposal for reform whereby the Meeting of the Presidents, to take place at least once a year, would be in charge of making the strategic and political decisions guiding the process of integration, while the Council of Ministers would operate as the main decision-making body and would include the sectors subject to the process of integration (foreign affairs, the economy, social affairs and the environment). Other reform proposals aim at streamlining the Central American Parliament (PARLACEN), the Central American Court of Justice and the Secretariat of Central American

Integration (SICA, which will become a Unified General Secretariat). The Presidents also recommended that a regional mechanism to coordinate cooperation be established, linked to the Council of Ministers of Foreign Relations, to manage international cooperation on behalf of the region.

15. Finally, the Presidents of Costa Rica, El Salvador, Guatemala, Honduras and Panama, the Prime Minister of Belize and the Vice-President of the Dominican Republic, meeting at Managua on 2 September 1997 on the occasion of the twentieth regional summit, signed the Nicaragua Declaration initiating the process of building a Central American Union, with the aim of furthering regional integration and better harnessing their common efforts to attain sustainable development and to meet the challenges of globalization. It was agreed that a High Level Group would be established to prepare the conditions for the creation of the Union.

16. Although not related directly to the Esquipulas process, progress in overcoming territorial disputes forms a vital part of any review of the status of regional cooperation and integration. While difficulties remain — in the issue of the land pockets (*bolsones*) along the border between Honduras and El Salvador (most of which were awarded to Honduras by the International Court of Justice on the border dispute in September 1992); in the demarcation of the waters of the Gulf of Fonseca, where Honduras, El Salvador and Nicaragua share fishing rights; and along sections of the border between Guatemala and Belize — the countries concerned have consistently insisted on the need to settle their differences through dialogue. Positive developments have taken place throughout the past year. A protocol was signed on 26 April 1997 between the Governments of Honduras and El Salvador which guarantees rights of property, nationality and land ownership to the inhabitants of those areas. The Presidents of Honduras and Nicaragua on 8 July 1997 signed an agreement establishing a binational commission responsible for the creation of a "common interoceanic corridor"; President Reina recently announced that the two countries would soon start the demarcation of their frontier in the Gulf of Fonseca to avoid incidents in the future.

Extraregional cooperation

17. The countries of Central America continue to stress the importance of the role played by the international community in promoting peace, freedom, democracy and development within the region. At a time of pressing

demands for international assistance, they have insisted on the need for this support to be maintained if the progress made in recent years is to be consolidated.

18. A mechanism through which members of the international community gave direct encouragement to individual peace processes was first established for El Salvador. The Group of Friends formed by my predecessor was made up of Colombia, Mexico, Venezuela and Spain, with the later addition of the United States of America. A similar mechanism contributed significantly to the peace process in Guatemala, where the Group of Friends of the Guatemalan Peace Process was made up of the countries mentioned above, with the addition of Norway. An initiative by the Government of Nicaragua allowed friendly countries (Canada, Mexico, Netherlands, Spain and Sweden) to form a Support Group to follow Nicaragua's transition and to support internal consensus-building. UNDP served as its technical secretariat. The Support Group was particularly active in stimulating international support for the electoral process in 1996; on the issue of property, in supporting the UNDP project aimed at facilitating the process of titling and indemnization; and, on the external debt issue, in helping Nicaraguans make their case vis-à-vis donors and international financial institutions. Its main goal already achieved, the Group was dissolved as Nicaraguans concluded the second consecutive transfer of power to a democratically elected Government in January 1997.

19. The Summit of the Americas, held at Miami, Florida, from 9 to 11 December 1994, led to the commitment of all participants to work together, under the coordination of the Trade Unit of the Organization of American States (OAS), towards the establishment of a Free Trade Area of the Americas (FTAA) by the year 2005. Parallel discussions held at the summit between the Central American countries and the United States led to the agreement of CONCAUSA, a cooperation accord between the two parties by which the United States became the first extraregional associate of the Alliance for Sustainable Development of Central America. The Second United States-Central America Trade and Investment Forum, held at Guatemala City on 13 March 1997, welcomed an initiative by Central American Presidents known as the Regional Project of Competitiveness for Sustainable Development, through which Central America could become the hemisphere's commercial axis, assuming the continuation of current regional coordination in the areas of telecommunications, energy, financial services, tourism and agro-industries. The Forum also supported the participation of the private sector in the public sector's decision-making and the strengthening of relations between private sectors in the United States and

Central America. On 8 May 1997, the Summit of Presidents of the United States, Central America and the Dominican Republic issued the San José Declaration, in which they decided, among other measures: to promote the Inter-American Convention against Corruption and elaborate a plan of action against drug trafficking and crime; to maintain an open dialogue, at the highest level, to find human solutions to the complex migratory situation⁵ and ensure that each case will be evaluated individually and in a fair way; to call for negotiations on FTAA to start at the Second Summit of the Americas, to be held at Santiago; to welcome President Clinton's decision to produce a draft bill extending to Central America benefits granted as part of the Caribbean Basin Initiative; to deepen economic and trade relations; to instruct Trade Ministers to form a Regional Council for Trade and Investment; to establish a consultative mechanism, an annual meeting of Ministers for Foreign Affairs (starting in October during the regular session of the General Assembly), a Council for Trade and Investment at the Ministerial level, a continuing dialogue on migration at the highest level, and meetings in 1997 of Interior and Labour Ministers on their respective areas.

20. Political dialogue and economic cooperation with the European Union was enhanced at the San José XIII Ministerial Conference, held at The Hague on 25 and 26 February 1997 and attended by the Foreign Ministers of the Central American countries, the European "Troika" (Foreign Ministers of Ireland, Luxembourg and the Netherlands), European Commissioner Manuel Marin, representatives from the Group of Three (Colombia, Mexico and Venezuela) and, as an observer, Belize. The joint communiqué affirmed the European Union's willingness to continue and increase its cooperation with Central America around three major issues: the strengthening of the rule of law; support to social policies; and support to the Central American integration process, as defined at the San José XII Conference.

21. The first round of negotiations towards a free trade and investment agreement between the members of the Northern Triangle (Guatemala, El Salvador, Honduras) and Mexico (the "Tuxtla" process) took place from 25 to 26 September 1996. Bilateral conversations on free trade agreements also started between Mexico and Nicaragua on the one hand, and Panama on the other. The Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) held a meeting with the Association of Caribbean States in February 1997, resulting in the signing of a cooperation agreement aimed at identifying and promoting programmes to seize the commercial and investment potential of the region and an agreement to conduct regular

meetings and joint actions, and to integrate working groups to support commercial and investment initiatives.

22. The economic contribution of the international community to the peace processes in Central America continues to follow the course established during a series of Consultative Group meetings organized by the Inter-American Development Bank and attended by representatives of the international financial institutions (IDB, the International Monetary Fund (IMF) and the World Bank) and donor countries. In the case of Guatemala, a meeting held at Brussels on 21 and 22 January 1997 concluded with the international donor community pledging aid totalling some \$1.9 billion for project-related activities from 1997 to 2000. A Consultative Group meeting on Nicaragua is currently under preparation.

23. The Organization of American States has continued to contribute to the Central American process, having assumed a leading role on trade issues throughout the Americas. Secretary-General César Gaviria, in particular, has demonstrated the organization's keen interest in the initiative of the Alliance for Sustainable Development through his presence at presidential summits. OAS cooperation with the region has continued to be extended through the Central American Mine-Clearance Programme, carried out in conjunction with the Inter-American Defence Board, as well as through the presence of the OAS International Support and Verification Commission in Nicaragua, which in June and July 1997 verified, together with the Catholic Church, the disarmament and demobilization of Frente 3-80. OAS also monitored the electoral process in Nicaragua in October 1996.

III. United Nations

24. Since my predecessor last reported to the General Assembly on the situation in Central America (A/51/338), the United Nations has continued to support the countries of Central America in their efforts to consolidate peace, democracy and development within the mandates entrusted to the Secretary-General and the various programmes and agencies of the United Nations system. In El Salvador, the United Nations Office of Verification (ONUV), and then the smaller support unit which replaced it, continued to verify the implementation of outstanding elements of the peace agreements until 30 June 1997. Under mandates of the General Assembly, I continued to exercise my good offices in the search for a negotiated settlement of the civil conflict in Guatemala until the signing of the Agreement on a Firm and Lasting Peace on 29 December 1996, and a restructured

MINUGUA has started verifying the whole set of peace agreements achieved through the process of negotiation. In addition to these specific missions, United Nations operational activities have been carried out within national and regional programmes.

United Nations in El Salvador

25. The presence of the United Nations in El Salvador has been gradually reduced in response to advances made in implementation of the outstanding elements of the peace accords. Having considered a report submitted to it by my predecessor on 25 November 1996 (A/51/693), the General Assembly, on 17 December 1996, by its resolution 51/199, decided that the responsibilities of verification and good offices entrusted to the United Nations should be executed through periodic visits to El Salvador by a high-level envoy from New York, assisted for a six-month period by a small support unit in the field. Pursuant to that decision, on a number of occasions I dispatched Mr. Alvaro de Soto, Assistant Secretary-General for Political Affairs, to El Salvador to hold meetings with the President and the Frente Farabundo Martí para la Liberación Nacional (FMLN) and to report back to me on his verification and good offices activities.

26. In my report to the General Assembly of 1 July 1997 (A/51/917), I described the status of implementation of the peace accords. However, its principal purpose, in accordance with the request of the General Assembly, was to provide an assessment of the peace process. In my assessment I noted that, five years after the conclusion of negotiations conducted under the auspices of the United Nations in far-ranging and ambitious peace agreements, an extraordinary transformation had taken place in El Salvador. The country had been largely demilitarized, while the peace process had allowed for the opening-up of space for democratic participation, as demonstrated by the elections of March 1997, and had led to important progress towards national reconciliation and the prevalence of a climate of tolerance unlike any El Salvador had known before.

27. The creation or reform of key institutions in accordance with the provisions of the peace accords has represented an important element of the consolidation of the peace process. In this regard, the development of the National Counsel for the Defence of Human Rights, the consolidation of the National Civil Police and the presence of an independent Supreme Court of Justice have been major achievements. However, public discontent with the administration of justice, fuelled by the persistence of

alarming levels of common criminality, has been mounting. The weaknesses in this area, which extend from difficulties in the consolidation of the democratic public security model established in the peace accords to the slow progress of judicial reform, remain a fundamental impediment to the consolidation of a truly democratic State. In the National Council on Public Security the President has a mechanism through which to oversee the transparent and law-abiding nature of the public security sector. Meanwhile, judges, prosecutors and public defenders need to be adequately prepared for the introduction of new criminal legislation in 1998 in order to avoid making errors that could decrease the public's confidence in the system.

28. My assessment of the peace process led me to conclude that implementation of the accords was at a sufficiently advanced stage to allow me to recommend to the General Assembly that the support unit for my envoy in El Salvador be closed down as a separate entity on 30 June 1997. However, I also indicated that there were a number of the peace accords, particularly in the socio-economic area, in which implementation had yet to be completed. By its resolution 51/199 B of 31 July 1997, the General Assembly subsequently decided to close down the support unit; it also welcomed my proposal to assign two international Professionals and two local consultants as a unit under the administrative structure of UNDP, for a period of six months. That unit, which is funded by the Trust Fund for the Mission of the United Nations in El Salvador, began its work in following up on the outstanding elements of the peace accords on 1 July, while the verification and good offices responsibilities of the Organization continue to be carried out from New York. While progress towards the completion of the land transfer programme since that time has been notable, implementation of other aspects of the socio-economic accords — such as the programme to transfer rural human settlements to their current occupants and the resolution of difficulties experienced by potential beneficiaries of the Fund for the Protection of the War-Wounded and Disabled in establishing their eligibility for benefits — remains slow.

The peace process in Guatemala

29. The last quarter of 1996 saw the culmination of the negotiating process between the Government of Guatemala and the Unidad Revolucionaria Nacional Guatemalteca (URNG), putting an end to 36 years of armed confrontation. The signing in Mexico City on 19 September 1996 of the Agreement on the Strengthening of Civilian Power and on

the Role of the Armed Forces in a Democratic Society (A/51/410-S/1996/853, annex) opened the way for the final phase, that is, the consideration of operative issues such as ceasefire, demobilization and implementation procedures. During the first half of December 1996, three important agreements, namely those on a Definitive Ceasefire (S/1996/1045, annex), on Constitutional Reforms and the Electoral Regime and on the Basis for the Legal Integration of URNG (A/51/776-S/1997/51, annexes I and II) were signed at Oslo, Stockholm and Madrid, respectively. The negotiations were brought to a close in Guatemala City on 29 December with the signing of the Agreement on the Implementation, Compliance and Verification Timetable for the Peace Agreements and the Agreement on a Firm and Lasting Peace (A/51/796-S/1997/114, annexes I and II). The latter, which brought into effect all the agreements signed under United Nations auspices since 1994, was signed at a formal ceremony at the National Palace attended by President Alvaro Arzú, by the Heads of State and representatives of numerous Member States and by my predecessor, Mr. Boutros Boutros-Ghali.

30. In his report of 26 November 1996 (A/51/695-S/1996/998), the former Secretary-General reminded Member States that the entry into force of the peace agreements in Guatemala would represent a major challenge to the United Nations, which had been requested by the parties to carry out international verification of all commitments. Following his recommendations, on 17 December 1996, the General Assembly approved resolution 51/198, authorizing the extension of MINUGUA until 31 March 1997, and requested that recommendations be submitted on the restructuring of the Mission to enable it to fulfil its new responsibilities.

31. On 20 January 1997, the Security Council, in its resolution 1094 (1997), approved the attachment to MINUGUA of a military observer group to verify implementation of the Agreement on the Definitive Ceasefire. The Agreement was implemented and verified between 3 March and 14 May 1997 and was the object of a report to the Security Council (S/1997/432). In that report I stressed the exemplary conduct of the parties, which allowed the process to conclude without incident and within the agreed time span, as well as the remarkable cooperation of the international community which provided vital logistic support to the demobilization process.

32. Throughout this period, MINUGUA continued to report on compliance with the commitments of the Comprehensive Agreement on Human Rights (A/48/928-S/1994/448) and to carry out institution-building tasks. On 31 January 1997, I transmitted to the General Assembly

MINUGUA's sixth report on human rights (A/51/790, annex), covering the period from 1 June to 31 December 1996. The report concluded that the ending of the armed conflict, the willingness of the Government to fight crime and impunity and the dismantling of counter-insurgency support structures had led to some progress in human rights. Nevertheless, the situation was still precarious; progress continued to be hampered by the weakness of State institutions responsible for preventing, investigating and prosecuting serious crimes and human rights violations, a large proportion of which were never clarified, as well as by the persistent crime wave. MINUGUA made proposals and recommendations aimed at improving inter-institutional coordination and strengthening key bodies such as the justice system, the National Police and the Office of the Counsel for Human Rights. MINUGUA's seventh report on human rights, covering the first six months of 1997 (A/52/330), is to be issued shortly.

33. On 31 January 1997, I informed the President of the General Assembly and the President of the Security Council (A/51/794-S/1997/106) that I had decided to appoint Mr. Jean Arnault, Moderator of the negotiations since January 1994, as my Special Representative and Head of MINUGUA. His appointment was made effective on 1 March 1997, on which date, Mr. David Stephen, who had headed the Mission since 1 June 1996, completed his assignment.

34. As requested by the General Assembly, on 14 March 1997, I made detailed recommendations on the structural changes required for MINUGUA to verify the entire package of agreements (A/51/828). Every effort was made to enable the Mission to carry out broader verification tasks without a corresponding increase in resources. I also proposed that, while retaining the acronym MINUGUA, the name of the Mission should be changed to "United Nations Verification Mission in Guatemala" so as to reflect the new mandate. The Assembly authorized these changes in its resolution 51/198 B, by which it extended MINUGUA's mandate for a year, that is, until 31 March 1998.

35. Throughout the first half of the current year, the United Nations provided administrative support to allow for the establishment of the Historical Clarification Commission, an independent body charged with examining human rights violations committed during Guatemala's long war, thereby aiding the country to move towards reconciliation. On 13 June 1997, I called upon Member States to respond generously to the Commissioners' appeal for funds (A/51/927). I am pleased to see that they did so and that the Commission was formally inaugurated in Guatemala City on 31 July 1997.

36. Details of the parties' compliance with each agreement during the first months of peace were presented in my report to the General Assembly of 30 June 1997 (A/51/936). During this initial stage, the Follow-up Commission was successfully established, as were a number of sectoral commissions and forums aimed at broadening social participation in the process. In line with the generous pledges made at the Consultative Group Meeting held at Brussels in January, the international community responded very favourably to the early challenges of peace-building while awaiting Government measures to increase tax collection. Despite the progress made, I stressed that there was a need to promote a better understanding of the prospects offered by the Peace Agreements and to ensure that their benefits reached all of society, in particular the traditionally neglected rural communities. I concluded the report by urging the political parties to move forward in adopting the legislative agenda for peace, particularly the required constitutional amendments, and by appealing to all Guatemalans to face up to the challenges of peace-building with courage and determination. The General Assembly welcomed the report and reiterated its support of the process in its resolution A/51/198 C of 31 July 1997.

37. The second phase of implementation, which covers the remainder of 1997, places emphasis on social investment, the reform of public administration, rural development, fiscal reform and the restructuring of public security and national defence. The months ahead will thus be a crucial time for Guatemala, during which the parties, national institutions and society at large will have to move forward vigorously to allow these diverse and far-reaching transformations to become a reality. The United Nations, through MINUGUA and the rest of the United Nations system, stands ready to help them in this important endeavour.

United Nations operational activities

38. United Nations support to Central America through operational activities is comprehensive and diversified. It has sought, in particular, to facilitate the regional process. In 1996, UNDP started a new programme of subregional cooperation in Central America, designed in response to the priorities and commitments established by Central American Presidents at various presidential summits. The new programme focuses on three main areas: peace and democratic governance; economic and social development; and sustainable development of the environment. Steps have also been taken to enhance coordination between United Nations agencies operating in Central America.

39. In the area of peace and democratic governance, the United Nations operational system has provided assistance to a number of projects aimed at supporting consensus-building processes. At the regional level, these included: assistance to the process of rationalization and reform of the Central American Integration System (SICA) and activities to strengthen regional organizations representing civil society and to facilitate their participation in the context of ALIDES.

40. The United Nations continued supporting peace and consensus-building processes throughout the region. In Nicaragua, a project was implemented to facilitate the transfer of power at the local level after the October 1996 elections, the building of consensus over priorities and the training of candidates and civil servants. In Guatemala, UNDP made a concerted effort, together with MINUGUA, to support the process of negotiations that led to the signing of the final peace accords in December 1996. In Honduras, the United Nations offered its collaboration to the Forum for National Convergence. In Panama, UNDP's national programme supported the dialogue between the Government, national parties and leaders of civil society resulting in agreements on the use of Canal land being transferred by the United States. And in Costa Rica, the United Nations supported activities promoting the examination of the direction of economic policies and human development.

41. The United Nations also provided support to the strengthening of democratic institutions, through programmes of support to judicial reform, public security, offices of the human rights ombudsman and the good functioning of State institutions via fiscal reform and the process of decentralization. Support to the reintegration of ex-combatants and the demobilization of the war wounded was also provided in El Salvador and Guatemala (in this case through a UNDP project in cooperation with the Office of the United Nations High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM)). Also in Guatemala, the United Nations conducted specific programmes for the resettlement of uprooted populations and with respect to the identity and rights of indigenous peoples. The culture-for-peace programme of the United Nations Educational, Scientific and Cultural Organization (UNESCO) has also continued activities through its national projects in Nicaragua and El Salvador.

42. In the area of economic and social development, UNDP has focused on the formulation and implementation of a new initiative known as the Programme for the Promotion of Human Sustainable Development in Central America (PROGRESS/CA), aiming at establishing regional, local and national consensus among the main social actors

(Governments, civil societies, international donors/NGOs and United Nations agencies) on goals and actions towards human sustainable development. National subprogrammes in Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama supported processes of decentralization and modernization of the State and the strengthening of local bodies and their capacity to formulate and implement local plans. This has been an inter-agency effort of the United Nations, with execution by UNDP, general implementation by the United Nations Office for Project Services (UNOPS), and participation from the International Labour Organization (ILO), The Pan American Health Organization (PAHO) of the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Food Programme (WFP) and the United Nations Volunteers (UNV). In the same field, a new phase of a UNDP project entitled "Technical Assistance for the Agricultural Development of Central America" (RUTA III) was approved, for implementation between 1997 and 2000, with the goal of assisting Central American Governments with their policies and modernization programmes in the area of agriculture and institutional reform of the rural sector. This past year saw the conclusion of the Programme to Alleviate Poverty in Central America and Panama (RUTA Social), implemented between July 1993 and July 1997 by the World Bank with partial funding from UNDP and IDB and participation from WHO.

43. Finally, the United Nations supported a number of activities aimed at the protection and restoration of the environment in Central America, including the integration of the issue in national policies and sectoral plans, as well as the elaboration of projects geared towards the conservation, regeneration and sustainable use of natural resources in specific areas, in the framework of ALIDES. UNDP supported national efforts in Costa Rica, Guatemala and Belize with funding from the Global Environmental Facility (GEF), and the latter supported the elaboration of national strategies and action plans geared to maintaining biodiversity and identifying the main sources of greenhouse gases in Belize, Costa Rica, El Salvador and Guatemala. UNDP also assisted countries in the integration of the principles of Agenda 21 in their development plans, with ongoing programmes in Costa Rica, El Salvador and Honduras, as well as one that is being initiated in Guatemala.

IV. Observations

44. On this tenth anniversary of the Esquipulas II Agreement, regional leaders can take pride in the fact that, with the successful resolution of the peace negotiations in Guatemala, Central America finally finds itself without armed conflict for the first time in more than three decades. This is a triumph attributable primarily to the will of the region's peoples and their leaders, to which the United Nations, together with other actors of the international community, is proud to have been able to contribute.

45. Together with the agenda of social, economic and other reforms contained in the Alliance for Sustainable Development, the existing dynamic institutional framework within which these reforms may now be implemented and the support of the international community, including the United Nations system itself, these circumstances place the countries of Central America in a favourable position to pursue economic growth, social justice and further democratization. The initiation of a process leading towards a Central American Union must be welcomed as a positive step in that direction. However, the gravity of the challenges facing the region makes it evident that they will only be overcome if they are approached with the dedication and sense of urgency brought to bear on civil war and regional tensions in the past. Now that peace finally prevails in the region, I more than ever urge the countries of Central America and the international community to remain fully engaged in its consolidation. As Secretary-General, I am ready to continue to play the active role in this process entrusted to me by the General Assembly.

Notes

- ¹ "Central America: Economic Evolution during 1996", ECLAC, 11 July 1997.
 - ² "El Nuevo Horizonte de las Economías Centroamericanas en 1997", Informe Económico Especial elaborado para REPORTE POLITICO/Panorama Centroamericano, marzo de 1997.
 - ³ "Centroamérica: perspectivas económicas para 1997", SIECA, April 1997.
 - ⁴ "Diagnóstico de la Institucionalidad Regional Centroamericana", LC/MEX/R.581/Rev.2, 28 February 1997.
 - ⁵ On 1 April 1997, the Illegal Immigration Reform and Immigrant Responsibility Act took effect in the United States, restricting the number of people who could immigrate legally to the United States and facilitating the deportation of illegal immigrants. There are some 2.5 to 3 million Central American immigrants in the United States, about 660,000 of whom are illegal. Remittances to their home countries amounted to US\$ 1.7 billion in 1996.
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Effective mobilization and integration of women in development

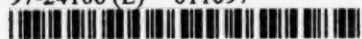
Mainstreaming the gender perspective into economic policies: a preliminary framework for action

Report of the Secretary-General

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* A/52/150 and Corr.1.



I. Introduction

1. The General Assembly, in resolution 50/104 of 20 December 1997, urged Governments to develop and promote methodologies for incorporating a gender perspective into all aspects of policy-making, including economic policy-making, and requested the Secretary-General to submit to it at its fifty-second session a report on action taken to implement that resolution.

2. The need to incorporate a gender perspective into the design, implementation and monitoring of all policies and programmes, including development policies and programmes, at all levels was stated in the Platform for Action adopted by the Fourth World Conference on Women in 1995¹ and further reiterated by the Commission on the Status of Women at its forty-first session in 1997.²

3. Efforts are being made to analyse a wide range of economic issues in order to assess their gender implications. Among these issues, the following have been analysed from a gender perspective: poverty alleviation policies; human capital development and growth; fiscal policies; trade liberalization; and the unpaid sector of the economy. The use of gender analysis is still not a routine part of economic analysis and policy-making. Therefore, practical applications of gender analysis and policy implications are still limited.

4. Based on recent mandates and work already undertaken, the present report focuses on mainstreaming a gender perspective into economic policies. The report will apply gender analysis to the unpaid sector of the economy, fiscal policies and trade liberalization policies. The lessons learned by applying gender analysis to these issues will serve as the basis for policy-oriented conclusions and recommendations and may be applied to other areas of economics.

5. The Economic and Social Council recently defined mainstreaming a gender perspective as

"... the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in any area and at all levels. It is a strategy for making women's as well as men's concerns and experiences an integral dimension in the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated. The ultimate goal is to achieve gender equality".³

6. The strategy of gender mainstreaming carries the following important implications for policy makers:

(a) All policies, including economic policies, should contribute to the goal of gender equality, as a human right of women and men to participate in, and benefit equally from, social, political and economic life;

(b) Women's advancement should not be a marginal exercise of micro-level projects. The entire range of economic processes should contribute to the goal of gender equality;

(c) Economic policy-making should reflect women's as well as men's concerns and experiences, and seek to benefit women and men equally;

(d) Actions to improve the status of women should shift from women as exclusive objects of intervention to focus on gender relations through which inequalities between women and men are perpetuated and reinforced.

7. A major component of gender mainstreaming is the use of gender analysis to describe and document gender differences between women and men. Gender analysis is also applied to elucidate the interaction between any planned action and gender relations.

II. Mainstreaming the gender perspective into economic policies

8. The application of gender analysis to economic policies is a recent but growing phenomenon in the field of economics. There is in existence a wide range of experiences shown by analyses that were carried out to reflect the different impact of economic policies on women and men, while others were carried out to highlight gender-based constraints to specific economic policy outcomes.⁴ Both approaches seek to promote equality by changing economic policies and processes.

9. Three premises underpin gender analysis applied to economic policies: first, the scope of economic activity includes both the paid and the unpaid sectors of the economy; second, gender is one of the factors that mediates and shapes economic decision-making and the distribution of work, productive input, income and wealth; and third, institutions themselves are structures which produce and transmit gender biases that affect all economic relations.

10. Gender analysis sees the micro-level, the meso-level and the macro-level of the economy as critical instances of analysis that are linked and integrated. At the micro-level of family, households and firms, emphasis is placed on gender as a critical factor in structuring capabilities, endowments and resource allocations. From this point of

view, for instance, the household is not necessarily a monolithic unit of decision-making but a site of competing interests where decisions about resource allocations are also determined by gender relations, as discussed in paragraphs 32 and 37 below.⁵

11. The meso-level is a relatively new level of economic inquiry that has become increasingly important for exploring how institutions such as markets, the state and community reinforce and reproduce inequalities between women and men in their access to assets, services and economic decision-making positions. From this perspective, there are in all institutions norms and practices that are biased against women if they fail to recognize the importance of reproductive work; if they exclude women; or if they feminize women's participation by reinforcing their secondary, nurturing, supportive roles and dependence on men.

12. One example of embedded gender exclusion in institutional norms and practices is that of financial institutions which have often excluded women by favouring propertied males. This is shown in their demand for collateral and other requirements that women frequently find impossible to comply with because, in most cases, they lack access to resources, including land. These institutions have been recently challenged by credit institutions, such as the Grameen Bank.⁶

13. The macro-level (i.e., the level of gross national product (GNP) and its component parts of savings, investments, consumption, exports and imports, public expenditures and revenues) is traditionally assumed to be gender neutral. Gender analysis applied to macroeconomic policies, however, shows that the biased outcome of economic policies emerges from the gender biases existing at the micro-level and meso-level of the economy, and of society in general.

14. Examples of sectoral and macroeconomic policies where gender analysis was applied are discussed below.

A. Unpaid work: measurement and integration into policies

15. Under the existing division of labour between women and men, women have a greater share of unpaid work than men. Unpaid work includes women's unremunerated work in the production of goods and services for household consumption and the market. Unpaid work also includes human reproduction activities that relate to how society reproduces itself across generations and maintains its

coherence. It involves such diverse activities as fetching water and firewood, child-rearing, care for the elderly and the disabled, and community activities (see A/48/393). Since it is unpaid, such work still remains largely outside labour force statistics and standard national accounts.⁷

16. The statistical invisibility of unpaid work has negative consequences for the outcome of economic policies. Also, it has negative consequences for women's status in society, as was shown in the *Human Development Report 1995* which emphasized that, because much of women's work remains unrecognized and unvalued, women are reduced to virtual non-entities in most economic transactions.

17. For most women, overlapping productive and reproductive responsibilities create trade-offs between child care and related activities, which tend to be unpaid, and productive activities. The result is considerably reduced income on the part of women, compared to men, and thus a gendered experience of poverty. This is illustrated by the strong link between poverty and female headed households.

18. Economic policies, by excluding any consideration of unpaid work, skew the meaning of such terms as "efficiency". What may be regarded as an increase in efficiency may instead be a shift of costs from the paid to the unpaid sector.

B. Gender and fiscal policies

19. Fiscal policy is one of the most important instruments of macroeconomic policy. Applying gender analysis to this policy area is, therefore, considered one of the most effective ways of introducing gender mainstreaming in economic policies, as outlined below.

1. National budgets

20. The tax and spending decisions of a country are announced through a budget and national budgets are therefore policy documents which elucidate a country's approach to economic growth, distribution of wealth and income, and human development. The budget appears to be a gender-neutral policy instrument because it is set out in terms of financial aggregates. Initiatives have, however, been taken to show the relevance of defining national budgets from a gender perspective. Some of these initiatives are described below.⁸

21. The Commonwealth Secretariat has developed a comprehensive conceptual framework and an important range of gender-aware budgetary tools. Among the tools developed to analyse the composition of public expenditure

are gender-disaggregated incidence analysis, benefit incidence, budgetary institutions, and women's budget statements.

22. Women's budget statements have had the most practical applications. A women's budget statement is designed to bring together information on the implication of governmental expenditures on women compared to men, and further to facilitate the introduction of relevant changes to promote gender equality.

23. In 1984, the Government of Australia introduced a policy requiring governmental departments to identify the impact of their proposed expenditure on women and their contribution to equality, as well as to quantify all programmes having the greatest significance for women, highlighting initiatives and indicators which showed the progress made in gender equality. From these, a women's budget statement was then synthesized by the Office of the Status of Women. The emphasis by that Office is now on strategic policy development and policy advice.

24. In South Africa, key aspects of the national budget were analysed in the women's budget initiative of 1996. The initiative was a joint effort of the Parliamentary Joint Standing Committee on Finance, non-governmental organizations and academics. The analysis focused on the sectors of welfare, education, housing and work, as well as on two cross-sectoral themes, taxation and public sector employment. This initiative was not a separate budget for women but an examination of all programmes in the selected areas in terms of their impact on women. Because the majority of the poor in South Africa are women, the women's budget initiative was also considered an effective element in defining a strategy for the reduction of poverty in the country.⁹

25. Public sector employment constitutes an important part of public expenditure. It can play a pivotal role in promoting gender equality because public sector employment policies set standards and, through equal opportunities and family-friendly employment policies and practices, can promote better practices throughout the economy, thus reducing the extent of gender discrimination in labour markets, and enhancing women's ability to invest in their human capital, with resulting efficiency gains. Moreover, public sector procurement policies, by extending public sector employment policies to the private sector through insistence on equal opportunities and family-friendly policies on the part of potential contractors, and by involving women entrepreneurs, can promote gender equality.

26. Public expenditure is also important for the development of women's and girls' human capital, which has

multiplier effects on economic efficiency and economic growth. For instance, research on economic growth and education show that failing to invest in the education of girls lowers gross national product. It has been estimated that countries in which the ratio of female-to-male enrolment in primary or secondary education is less than 0.75 can expect levels of GNP that are roughly 25 per cent lower than countries in which there is less gender disparity in education.¹⁰ This supports the assumption that the probability of children being enrolled in school increases with their mother's educational level and that extra income going to mothers has a more positive impact on household investment in nutrition, health and the education of children than extra income going to fathers.¹¹

27. Public expenditure on women's education has a positive impact on productivity, as exemplified in the agriculture sector where it has been estimated that each additional year of education for women brings productivity gains of 2 to 15 per cent more than those of men, demonstrating the long-term effect of education on women's productivity.¹² Research on agricultural productivity in Africa shows that reducing gender inequality could significantly increase agricultural yields. For instance, giving women farmers in Kenya the same level of agricultural input and education as men farmers could increase the yields obtained by women farmers by more than 20 per cent.¹³

28. Other tools developed by the Commonwealth Secretariat to analyse the effectiveness of governmental policies and public services include needs assessments, analysis of quality of service indicators, beneficiary assessments, assessment of invisible costs, and assessment of benefits of equal opportunities in service delivery. For example, needs assessments establish what is needed in terms of services and where they are needed. Traditionally, such assessments are carried out by gathering quantitative data on demographic characteristics, income levels and services available. By applying a gender perspective, all data are disaggregated by sex, the needs are defined from the point of view of the users, including women, and the time needed to access services is introduced as a critical variable.

29. New approaches have been developed by the International Research and Training Institute for the Advancement of Women (INSTRAW) to analyse the budget of a country in order to promote a gender-aware budget strategy. A time budget is an account of the amount of time spent in paid and unpaid work by women and men, and girls and boys.¹⁴ It is, therefore, assumed that, given gender relations, the time budgets of women and men, and girls and boys would be different.

30. Through the use of time budgets, it will be possible to analyse the sustainability of the budget strategy in terms of its impact on citizens' time. From the gender perspective, any attempts made to reduce in financial terms a deficit which increases the surplus in the men's time budget (e.g., increased unemployment among young men) and increases the deficit in women's and girls' time budgets (e.g., greater reliance on women's reproductive and voluntary work as a substitute for public services) indicates an imbalance between women's and men's time budgets and the national financial budget. In this case, budget policy is not a good foundation for the longer-term achievement of growth combined with human development, because it is depleting human and social resources.¹⁵ Time-use data, disaggregated by sex and age, may be gathered through regular household surveys by means of specific appraisal techniques, such as the ones employed by INSTRAW in a number of countries, including Hungary, the United Republic of Tanzania, Nepal and Venezuela, as part of its time-use measurement and unpaid work project.¹⁶

2. Taxation

31. The technical character of tax, much like the domain of macroeconomics, does not refer to individuals. At the aggregate level of total revenue raised, there are no obvious differentials in terms of how the tax burden is shared. Existing tax systems, however, contribute to reinforcing gender inequalities, including the gendered division of labour.

32. The almost universal trend towards value-added taxes in the 1980s has proved to be a regressive policy with regard to women who, in global terms, constitute the majority of the poor. This is because indirect taxation tends to reduce the proportion of total consumption met through the market, leading to an increase in the demand for women's unpaid work in household production of market substitutes. Further, as real household income falls, the subsequent intra-household redistribution of food results, in most cases, in women having less access to it, especially in very poor families where male intake is prioritized.¹⁷

33. Tax incidence becomes even less progressive and more biased against women when wealth is considered.¹⁸ Wealth, which is income plus acquired or inherited assets, is distributed more unequally between women and men than income. Consequently, measuring the distribution of the tax burden according to income level only exaggerates the progressiveness of the tax system. Using income instead of ability to pay thus obscures the full nature and extent of gender bias in the tax system.

C. Gender and trade liberalization policies

34. During the past decade, wide restructuring processes occurred in most countries, focusing mainly on opening national economies to external competition through trade liberalization policies. As shown below, these policies had important gender consequences.¹⁹

1. Employment effects of export-orientation policies

35. The liberalization of trade is one of the driving forces behind the increased feminization of the labour force. Some see the feminization of the labour force in negative terms, pointing to low wages and poor working conditions. Others however, consider that increased female employment in the modern sector is beneficial to women. In the long term, the increased income-earning capacity of women could encourage families to invest in their children's human capital. Moreover, increased female wage employment could also lead to women's higher status in the household, and to their economic and social autonomy and higher self-esteem if they retain some control over their earnings. The impact on public perceptions of women entering paid employment has also been emphasized. In Pakistan, it was noted that cultural perceptions of appropriate roles for women and men were changing owing to women's paid employment.

36. Most of the jobs created through trade liberalization policies, including in export processing zones, to which women had access were labour-intensive and required low levels of skills. Some studies indicate that these female labour-intensive industries are being significantly affected by changes in trade or industrial policy reforms, as well as by technological change which may require more skilled labour, leading to the substitution of female workers by male workers. This may lead to a subsequent decline in female employment unless women's skills and qualifications are sufficiently upgraded.

37. Another area in which gender analysis has been applied is in the examination of mobility among sectors. While it is recognized that sectoral mobility is important to effective macroeconomic adjustment and shifts in trade regimes, sufficient attention has not been paid to the constraints imposed on women (as both labour and producers) in their efforts to respond to changing price signals. This is related to two factors stemming from the asymmetry in women's and men's obligations, rights and bargaining positions within the household. First, the gender based assignment of household roles restricts the substitution of male and female labour. Second, within the household,

males have relatively stronger bargaining power and better access to resources than women and therefore can more easily take advantage of price incentives.²⁰

2. Agricultural commercialization

38. Responses to policies that shift production in the agricultural sector from subsistence to market production, and from domestic to export markets, are constrained by gender-based inequalities. For instance, in many parts of the world, cash crops are considered the domain of men and subsistence crops the domain of women. Women's opportunities to produce cash crops for the market and to respond to export-led strategies can therefore be hampered by their lack of control over resources. This was borne out by experience in Zambia where women preferred to concentrate on groundnut production, a subsistence crop, where they had greater control over the production, rather than increase their production of hybrid corn, a cash crop, where men controlled the trade and profits of the major cash crops.²¹

39. Agricultural commercialization also has gender-based effects, such as on the demand and nature of family labour. In the absence of hired labour, for example, families will have to choose between sending a child to school or keeping that child to work on the farm. In many instances, because the private rate of return to education for boys continues to be higher than for girls (owing to gender inequality in the labour market and social institutions), girls and women would be denied education and kept at home to work on the farm. This bias was further aggravated by the introduction of user fees in education which further lowered the private rate of return to education for girls relative to boys.²²

III. Conclusions and recommendations: a preliminary framework for action

40. From the preceding analysis it is clear that promoting gender equality by removing restrictions on women's access to, and control over, resources, opportunities, incentives, income and wealth, should be pursued, not only as a human right and for reasons of social justice but also as a strategy to promote economic efficiency and sustainable development.

41. Mainstreaming the gender perspective into economic policies may offer insights into macroeconomic policy-making in the following ways:

(a) Gender analysis applied to economic policies reveals the connection between paid and unpaid sectors of

the economy; the asymmetries between women and men in rights, obligations, bargaining positions and access to and use of resources, including time; how these are allocated between women and men; and the gendered nature of institutions, including the state and the market;

(b) By making unpaid work visible, gender analysis reshapes the understanding of the functioning of the paid economy, the traditional domain of macroeconomics;

(c) By using gender as a basis of social and economic differentiation that influences the distribution of work, income and wealth, the productivity of work, and the behaviour of agents in the economy, basic assumptions on which macroeconomic models and policies are based will, in many instances, be reshaped;

(d) By highlighting the gendered division of labour between women and men which in many instances hinders the reallocation of resources between non-tradable and tradable sectors, gender analysis facilitates the understanding of how intra-household dynamics affect markets and in turn the outcome of macroeconomic policies.

42. The following principles are a prerequisite for mainstreaming the gender perspective into economic policies:

(a) During the formulation, implementation and evaluation of macroeconomic and sectoral policies, cognizance should be taken of gender-based impact and constraints;

(b) An effective growth strategy should also include investments in women's and girls' human capital, equally with men and boys, in terms of education, training and health;

(c) Reproductive activities should be taken into account in investments and other policy measures and policy assessments;

(d) Economic strategy should seek to integrate the paid and unpaid sectors with a view to reducing the extent of the unpaid sector and its gendered impact.

43. It is recommended that mainstreaming the gender perspective into economic policies should be effected in line with the following conditions, which are in conformity with recent international agreements, such as the Beijing Declaration and Platform for Action;²³

(a) Incorporating the gender perspective into programme design, implementation and evaluation, and the policy development process of all intergovernmental and multilateral entities that are involved in the process of development;

(b) Undertaking measures to achieve gender balance between women and men in economic decision-making;

(c) Strengthening national machineries and their involvement in assisting Governments to formulate and implement gender-sensitive economic policies;

(d) Demonstrating commitment to the principle of gender mainstreaming at the highest level of State and throughout the whole governmental system by means of an adequate allocation of resources, training and development of staff and measures of accountability;

(e) Creating an enabling environment which allows opportunities for women to express their priorities, needs and interests for incorporation into national and sectoral policies, programmes and budget processes;

(f) Generating and maintaining all relevant data disaggregated by sex; developing indicators, conceptual tools and methodologies for gender analysis and applying them to the design, implementation and monitoring of economic policies by national, regional and international statistical services and economic agencies and the bodies of the United Nations system; and measuring and valuing unpaid work through existing and improved mechanisms.

Notes

¹ See *Report of the Fourth World Conference on Women, Beijing, 4-15 September 1995* (United Nations publication, Sales No. E.96.IV.13), chap. I.

² *Official Records of the Economic and Social Council, 1997, Supplement No. 7* (E/1997/27-E/CN.6/1997/9), chap. I, sect. C.1, agreed conclusions 1997/3.

³ A/52/3, chap. IV, sect. A, agreed conclusions 1997/1.

⁴ See, for example, Nilufer Catagay, Diane Elson and Caren Grown, eds., "Gender, adjustment and macroeconomics", *World Development*, vol. 23, No. 11 (special issue, November 1995).

⁵ Lourdes Beneria and Savitri Bisnath, *Gender and Poverty: An Analysis for Action*, UNDP Gender in Development Monograph Series No. 2 (New York, 1996).

⁶ Ann Marie Goetz, *Macro-Meso-Micro Linkages: Understanding Gendered Institutional Structures and Practices*, paper prepared for a workshop on gender and economic reform in Africa (Ottawa, Canadian International Development Agency, 1995).

⁷ The issue of unpaid work is developed by the United Nations Development Programme (UNDP), in *Human Development Report 1995* (New York and Oxford, Oxford University Press, 1995), and by INSTRAW, in *Measurement and Valuation of Unpaid Contribution: Accounting through Time*

and Output (Santo Domingo, 1995).

⁸ This section of the report is based mainly on the papers prepared for the Fifth Meeting of Commonwealth Ministers Responsible for Women's Affairs, held at Port-of-Spain from 25 to 28 November 1996, including the paper prepared by Professor Diane Elson, "Integrating gender issues into national budgetary policies and procedures within the context of economic reform: some policy options".

⁹ Debbie Budlender, ed., *The Women's Budget* (Capetown, South Africa, Institute for Democracy in South Africa, 1996).

¹⁰ A. Hill and E. King, "Women's education and economic well-being", *Feminist Economics*, vol. 1, No. 2 (1995), pp. 21-46.

¹¹ World Bank, *Toward Gender Equality: The Role of Public Policy* (Washington, D.C., 1995), p. 28.

¹² World Bank, *Advancing Gender Equality from Concept to Action* (Washington, D.C., 1995), p. 6.

¹³ K. Saito and D. Spurling, "Developing agricultural extension for women farmers", World Bank Discussion Paper No. 156 (Washington, D.C., 1992).

¹⁴ INSTRAW, *Measurement and Valuation of Unpaid Contribution ...*, pp. 14-26 and 55-92.

¹⁵ Professor Diane Elson, op. cit., p. 14.

¹⁶ INSTRAW, *Measurement and Valuation of Unpaid Contribution ...*, pp. 14-26.

¹⁷ Maria Floro, "Dynamic interaction between sectoral policy and gender issues: empirical evidence in the Asia-Pacific region", paper prepared for a workshop sponsored by UNDP, Statistical Division of the United Nations Secretariat, the United Nations Development Fund for Women (UNIFEM) and the Korean Women's Development Institute on integrating paid and unpaid work into national policies, Seoul, 28 to 30 May 1997.

¹⁸ Wealth is defined as the money value of the total stock of assets owned by an individual at a particular point in time, minus total debts and liabilities at that time.

¹⁹ An extended discussion on the issue of economic reform, globalization and gender is contained in *Women in a Changing Global Economy: 1994 World Survey on the Role of Women in Development* (United Nations publication, Sales No. E.95.IV.1).

²⁰ Lawrence Haddad and others, "The gender dimensions on economic adjustment policies: potential interactions and evidence to date", *World Development*, vol. 23, No. 6 (1995), pp. 881-896.

²¹ *Restructuring Economic and Social Policy: Cross-Cultural Gender Insights from the Grassroots*, a special report commissioned by the UNDP Special Unit for Technical Cooperation Among Developing Countries (July 1995), p. 11.

²² Haddad and others, loc. cit.

- ²³ *Report of the Fourth World Conference on Women ...* See essentially the critical areas of concern "Women and poverty", "Women and the economy", "Women in power and decision-making" and "Institutional mechanisms for the advancement of women", also, *Official Records of the Economic and Social Council, 1997 ...*, specifically paras. 1, 4, 10, 13, 15, 20, 22, 24 and 25.
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information on a special Israeli military unit known as "Flotilla 13", whose actions have included repeated violations of the sovereignty of Member States, as well as assassinations and kidnappings of Palestinian and other leaders, all of which can be described as terrorist activities.

With regard to the bombings that took place in West Jerusalem on 4 September 1997, the Palestinian Authority has unequivocally condemned these and other similar acts. There are, however, increasing indications that the Israeli Government of Prime Minister Netanyahu is using those terrible acts as an excuse to bury both the Declaration of Principles of 1993 and the Interim Agreement on the West Bank and Gaza Strip of 1995. The Israeli Government, since its first day in office, has indicated clear hostility towards these binding agreements and has adopted official government guidelines that blatantly contradict the letter and spirit of those agreements. Furthermore, the policies and actions of the Israeli Government have dramatically increased the suffering of the Palestinian people. Israel has imposed severe and unprecedented measures, such as the simultaneous overall closure of the Palestinian territory and siege over Palestinian cities. These policies and actions are the real underlying causes for the growing despair, extremism and acts of violence in the region.

In spite of all of the above, the Palestinian side will continue to take all of its responsibilities seriously, including taking the necessary actions, in accordance with the law, against anyone who might be involved in any illegal activities. Indiscriminate and broad measures against any segment of the Palestinian population, because of political beliefs, cannot and will not take place.

The road to the establishment of a comprehensive peace is clear. The parties must reaffirm their commitment to the basis of the Middle East peace process, including the principle of land for peace, their commitment to the implementation of the agreements reached, and their commitment to mutual recognition and mutual respect.

I should be grateful if you would have the text of the present letter distributed as a document of the General Assembly, under items 36, 37, 87 and 154 of the provisional agenda, and of the Security Council.

(Signed) Nasser AL-KIDWA
Permanent Observer of Palestine
to the United Nations

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